

# FISCAL NOTE

**Bill #: SB0448**

**Title: Restructure loan payback for McLaughlin  
Research Institute**

**Primary**

**Sponsor: Eve Franklin**

**Status: As introduced**

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>	\$0	\$0
<b>Revenue:</b>		
General Fund	(\$1,506)	(\$1,753)
State Special Revenue	(\$17,576)	(\$20,891)
Other	(\$12,142)	(\$14,428)
<b>Net Impact on General Fund Balance:</b>	(\$1,506)	(\$1,753)

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
X		Significant Local Gov. Impact	X		Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

1. The original amount of the loan was \$500,000 and was established in FY 1995. The outstanding amount of the loan is currently \$470,286. Payments received in the past four years have totaled \$74,284 of which \$29,714 is principal and \$44,570 is interest.
2. The amount of annual payments under the proposed legislation would be about \$250 to \$5,000 each year, and would vary based on royalty income. For purposes of this fiscal note, the amount of annual income is estimated at \$2,500.
3. Based on past history and an estimated payment of \$2,500, principal payments would be \$1,000, general fund interest would be \$20, and state special revenue fund interest would be \$1,480.

(continued)

4. The reduction in principal payments on the loan will result in a loss of interest to the general fund. The interest amount is calculated at 6.8% in FY 2000 and 6.6% in FY 2001.
5. With a reduction in principal of \$2,500 per year and no interest payments, the loan would be paid back in 188 years.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Revenues:</u>		
General Fund (01)	(\$1,506)	(\$1,753)
State Special Revenue (02)	(\$17,576)	(\$20,891)
Other	(\$12,142)	(\$14,428)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$1,506)	(\$1,753)
State Special Revenue (02)	(\$17,576)	(\$20,891)
Other	(\$12,142)	(\$14,428)

TECHNICAL NOTES:

1. The principal portion is deposited in the permanent coal tax trust fund for repayment of the loan. The interest portion is deposited to the general fund and special revenue fund in order to comply with the statutory requirement that \$2 million in investment income received by the Montana Board of Science and Technology Development be granted to the Montana University System in FY 1998 and FY 1999.
2. Commitments have been made to the university system, as required by statute, for the \$2 million. The payments for these commitments will continue over an extended period of time.
3. Anticipated revenue from the McLaughlin Research Center for FY 2000 and FY 2001 is needed to meet obligations required under current law and passage of SB448 would preclude payments to the university system as required by current statute.